



DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Dallas Field Office – Audit Division
3900 Karina Street, Room 224
Denton, Texas 76208

June 16, 2003

MEMORANDUM

TO: Gary Jones, Acting Regional Director
FEMA Region VI
Tonda L. Hadley

FROM: Tonda L. Hadley, Field Office Director

SUBJECT: City of Moore, Oklahoma
FEMA Disaster Number 1272-DR-OK
Public Assistance Identification Number 027-49200-00
Audit Report Number DD-08-03

The Office of Inspector General (OIG) audited public assistance funds awarded to the City of Moore, Oklahoma (City). The objective of the audit was to determine whether the City accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The City received an award of \$6.46 million from the Oklahoma Department of Civil Emergency Management (ODCEM), a FEMA grantee, for damages resulting from severe storms and tornadoes that occurred on May 3, 1999, through, May 5, 1999. The award provided 100 percent FEMA funding for 4 large projects and 3 small¹ projects and 75 percent FEMA funding for 3 large projects and 18 small projects. FEMA funding at 100 percent was for the period May 7 through June 3, 1999, for debris removal and May 3 through May 7, 1999, for emergency work. FEMA funded all work after these dates at 75 percent. The audit covered the period May 3, 1999, to August 29, 2001, during which the City claimed \$6.76 million and ODCEM disbursed \$6.26 million in direct program costs. The OIG examined the costs for five large projects and six small projects totaling \$5.96 million, or 92 percent of the total award.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the City's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

¹Federal regulations in effect at the time of the disaster defined a large project as one costing \$47,800 or more and a small project as one costing less than \$47,800.

RESULTS OF AUDIT

The City's claim contained \$38,505 (\$28,879 FEMA share) of costs for work that was not completed. Under Small Project 4028, the City was to cap 476 sewer line connections at a cost of \$40,460, but capped only 23 of the 476 connections at a cost of \$1,955. Regarding small projects, 44CFR§206.205(a) states that, prior to the closeout of the disaster contract, the grantee shall certify that all such projects were completed in accordance with FEMA approvals and that failure to complete a project may require that the federal payment be refunded. Because the City did not complete the work as required, the OIG questioned \$38,505 (\$40,460 - \$1,955).

In addition, the City did not follow federal contracting procedures to contract for \$5.8 million of work. However, during a recent visit to the Disaster Field Office for Disaster 1465, OIG audit staff observed that the City had implemented changes to its contracting procedures and was following federal contracting procedures.

RECOMMENDATION

The OIG recommended the Regional Director, in coordination with the Oklahoma Department of Civil Emergency Management, disallow \$38,505 of questionable costs under Project 4028.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The OIG discussed the results of the audit with FEMA Region VI, ODCM, and City officials on May 22, 2003. City officials agreed with the finding.

Pursuant to FEMA Instruction 1270.1, please advise this office by August 15, 2003, of the actions taken or planned to implement the audit recommendation. Please include target completion dates for any planned actions.

If you have any questions concerning this report, please call me at (940) 891-8900. Major contributors to this report were Rebecca Rodriguez and Sharon Snedeker.